

some of these items could be put on the table. Whether or not they are adopted, it would at least make the elderly couple who has to pay more of their Social Security check for Medicare coverage or the working family that has had to assume the nursing home costs of an elderly aunt feel that the decision that they should sacrifice was not made before other possible options were explored.

Sincerely,

GEORGE MILLER.

DAVID R. OBEY.

RICHARD A. GEPHARDT.

P.S.—Another option that you might consider in examining what you might do to help with the budget deficit would be to refrain from deducting from your corporate federal tax payment the advertising cost associated with these ads. Some taxpayers might feel that the advice you are providing on the sacrifices that they might make should be paid entirely by you rather than billing 35% of those costs to Uncle Sam.

MEMBERS OF CONGRESS WHO SIGNED LETTER
TO CORPORATE CEO'S, DECEMBER 22, 1995

1. Hon. George Miller.
2. Hon. David R. Obey.
3. Hon. Richard A. Gephardt.
4. Hon. Dick Durbin.
5. Hon. Alcee Hastings.
6. Hon. Rosa DeLauro.
7. Hon. Joseph P. Kennedy.
8. Hon. John Lewis.
9. Hon. Cleo Fields.
10. Hon. Melvin Watts.
11. Hon. Bill Hefner.
12. Hon. Nancy Pelosi.
13. Hon. Patrick J. Kennedy.
14. Hon. Albert Wynn.
15. Hon. Major Owens.
16. Hon. Sam Gejdenson.
17. Hon. Maxine Waters.
18. Hon. Ronald V. Dellums.
19. Hon. Jesse Jackson, Jr.
20. Hon. Tom Foglietta.
21. Hon. Louise Slaughter.
22. Hon. Ron Coleman.
23. Hon. Chaka Fattah.
24. Hon. John W. Olver.
25. Hon. Karen L. Thurman.
26. Hon. Cynthia McKinney.
27. Hon. Eva M. Clayton.
28. Hon. Pat Williams.
29. Hon. Bobby Rush.
30. Hon. Bill Richardson.
31. Hon. Marcy Kaptur.
32. Hon. Lynne C. Woolsey.
33. Hon. Barney Frank.
34. Hon. John Joseph Moakley.
35. Hon. Patsy T. Mink.
36. Hon. William L. Clay.
37. Hon. Jim McDermott.
38. Hon. Lane Evans.
39. Hon. Pete Stark.
40. Hon. Bernie Sanders.
41. Hon. Donald M. Payne.
42. Hon. Maurice Hinchey.
43. Hon. Peter A. DeFazio.
44. Hon. Patricia Schroeder.
45. Hon. David Bonior.
46. Hon. Neil Abercrombie.

BUDGET NEGOTIATIONS

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 3, 1996

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, December 20, 1995, into the CONGRESSIONAL RECORD.

THE STATUS OF THE BUDGET NEGOTIATIONS

The negotiations between Congress and the President over a balanced budget are now entering a critical phase. Hoosiers tells me they want to get these budget issues resolved. They want Congress and the President to work together to get the government's business done. They do not want government furloughs and they see the threat of default on the national debt as very much to be avoided.

The President and the Republican leaders in Congress agree on the need for a balanced budget in seven years. There are very good economic arguments for a balanced budget, which will reduce interest rates and free up capital to enhance America's global competitiveness, but the real political passion for fiscal responsibility flows from people's opposition to saddling their children with a huge public debt.

Medicare continues to be a major sticking point in negotiations. Congressional leaders have proposed cutting back Medicare by \$270 billion, raising premiums and reducing consumer protections for beneficiaries. The President has proposed \$124 billion in cutbacks and more modest changes in the program, consistent with the recommendations of the Medicare trustees. While we should go after cutbacks in Medicare in a serious way, we should preserve Medicare to protect older persons.

MEDICAID

Medicaid is another crucial battleground. Medicaid is the insurer of last resort in the health care system today, providing services to poor families and children, and nursing home care for the elderly. The Republican leadership wants to replace the Medicaid guarantee with a block grant; cut projected federal spending sharply on the program; and let the states decide how and on whom the money would be spent. The President wants to preserve the guarantee, but would cut projected costs by capping the annual increase per beneficiary.

Medicaid must be preserved to protect the vulnerable, while made more efficient and effective. The alternative would be more poor people uninsured, and the poor, the states and hospitals that serve the poor would all be stranded.

WELFARE

The current welfare program embodies a federal guarantee of aid to needy single parents and their children. The congressional leadership has proposed eliminating the 60-year-old federal guarantee and turning the program over to the states as block grants. The President apparently supports this basic reform, but has said that the Republican plan bites too deeply into cash assistance, child nutrition, child care and food stamps. He accepts the principle of allowing states to set eligibility requirements and benefit levels, but he would maintain the federal entitlement for the poor.

I support welfare reform that rewards work over welfare and encourages responsibility. Welfare reform should limit the time families could remain on welfare, require parents to support their children, and provide the states with flexibility to set eligibility and benefit levels.

Welfare reform has stalled in Congress because of differences between GOP leaders in the House and Senate over the school lunch program. I agree with those in the Senate who want to keep the entitlement status of the school lunch program. The House leadership, in contrast, wants to turn the program over to the states.

TAX CUTS

Congressional leaders propose to cut taxes by \$245 billion over seven years, \$140 billion

more than the President proposes, but they are now hinting they might be willing to trim the level of cuts and target them more to low and moderate income families, rather than the well-to-do. My preference is to cut the spending first. I would defer a tax cut until the budget is balanced or the deficit is neutralized, and would not increase taxes on the working poor, as proposed in the congressional leadership budget. One other problem with GOP tax cuts is that the revenue losses explode after the seventh year. No sooner would the budget be balanced than the tax cuts would threaten to unbalance it all over again.

SPENDING PRIORITIES

Both the President's and the Republican proposals call for significant savings by cutting domestic spending. I agree with this approach, but also believe that the spending cuts favored by congressional leaders are much larger than needed in order to finance large tax breaks to the well-to-do. I oppose laying the burden of deficit reduction largely on poorer Americans. Other problems with the current proposals are that too much of the savings come from unspecified domestic programs and come late in the seven-year process.

We must exercise care in where we cut. The idea behind eliminating the budget deficit is that savings and investment count—that a balanced budget raises savings which in turn fuel investment. But just as business invests in machinery and equipment, the government must invest in education, research and development, and infrastructure to boost growth in a world of fierce international competition. That means that investments in human and physical capital are necessary and vital ingredients for faster growth in the American economy.

This Congress is not being tough enough in reducing "corporate welfare." The mining industry still gets a huge discount on mining federal lands. California's agribusiness has access to very low-cost federal water. The timber industry enjoys subsidies for cutting in federal forests. And livestock owners, particularly in the West, benefit from minimal grazing fees on federal lands. We need to reduce or eliminate these subsidies, particularly when budget proposals today are clearly skewed against poorer Americans.

CONCLUSION

The key now is that the two parties work together to fashion a compromise that balances the budget in seven years, but in a way that does not devastate key federal programs, particularly Medicare, Medicaid and education. I believe a decent deal is within reach. I have staked out a position with other moderate and conservative House Democrats to achieve these goals, and my sense is that the President and congressional leaders have been moving toward this position. All differences may not be settled before the end of the year, and those which can't be resolved ought to be taken to the voters in 1996. But, in the interim, we should work to compromise in areas where we can.

A POEM DEDICATED BY LYNN
MURPHY OF PRINCETON, WV, IN
TRIBUTE TO HER FATHER

HON. NICK J. RAHALL II

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, January 3, 1996

Mr. RAHALL. Mr. Speaker, I have received thousands of letters and other manner of communication from my constituents in southern